

**U.S. House of Representatives**

**Agriculture Subcommittee on  
Department Operations, Oversight, Dairy, Nutrition, and  
Forestry**

**Field Hearing  
September 16, 2006  
Fresno, California**

**Sabino Herrera  
Dairy Farmer  
Hilmar, California**

Good morning Mr. Chairman and members of the committee. Thank you for holding this important hearing today and welcome to our great state of California. My name is Sabino Herrera and I'm a veterinarian and dairy producer with the Hilmar Cheese Company.

I did not grow up on a dairy farm. I grew up in the inner city of Los Angeles but learned the love of dairying and dairy medicine at the large scale operation in California's Central Valley.

I might have a different perspective than others on the panel, maybe even than other dairy farmers you have heard from as I am not a proponent of the so called dairy safety net program. I'm here today to convey to this committee just how important it is for us to revisit our current two-part dairy support program and for us to make meaningful and sensible reforms that are fair to all farmers.

As you already know, there are currently two subsidy programs in place, both with the goal of helping producers like myself. One is not very popular in states with large dairy operations like California, the Milk Income Loss Contract (MILC) program. The other program is the USDA's Dairy Price Support Program that has existed for decades and works at cross purposes with MILC. But, together they lower milk prices and decrease dairy productivity.

Let me explain why MILC is so unpopular in this growing part of the dairy world. MILC is not a true safety net for all dairy farmers. Instead it encourages farmers to produce more milk because it keeps some farms in business that are not profitable on their own. At the same time, the price support program buys up whatever surplus cheese, butter and non-fat dry milk produced by these same farmers as another form of support. And to make matters worse, USDA then has to find means to get rid of the surplus by reselling these dairy products or simply giving them away. This, in turn, significantly disrupts the marketplace, which affects all farmers. Even the USDA has said that the two programs are at odds with each other and decrease farmer income. This situation should not be allowed to continue.

Nearly \$2 billion had been spent on MILC payments prior to the recent extension. That amount far exceeded the original estimates for the program. And truthfully, the money has only helped a limited group of farmers. One reason milk prices were so low for so long in 2002 and 2003 was because of MILC payments. These artificially low dairy prices were the direct result of a federal system that failed to protect all farmers.

Committee members, I urge you to do away with the current system and start fresh with the creation of a single, sensible dairy program that achieves the purpose of providing dairy farmers with a safety net while protecting prices for consumers. This change is vital for the sustainability of many dairy farmers across the country and needs to happen sooner rather than later. I hope Congress can find the right vehicle to implement this overhaul.

Let me be clear of one thing. By advocating for a single system and not the current dual programs, I am NOT suggesting that dairy farmers need less financial help and funding. Rather, I believe that resources saved from the consolidation of the two existing programs can instead be used to support farmers in many other important areas.

Dairy farmers are constantly struggling to keep up with the changing times and will continue to need help and resources dedicated to address new issues. In the immediate future, dairy farmers, as a group, will have to concentrate on finding innovative ideas for sound environmental management practices and conservation. We also have to tackle the implementation of new technologies and meet the demands of creative promotion of our products.

I did not know when I was young that I would be a vet and a dairy farmer. I entered this business after a very positive experience at a well-run dairy farm operation. We need programs to help young people get into the business of agriculture. Dairy farming is hard work, but it is a business and we should not have to be dependent on government programs to make our livelihood.

What dairy farmers need is help dealing with real on-farm issues. In the West, we struggle with water conservation and environmental compliance. Federal dollars could help us meet these challenges, as well as help us become energy independent through the use of methane digesters. As a vet, I can tell you we could use more federal dollars for Johnes disease research and eradication, and to guard against foot and mouth and mad cow diseases. What we don't need is to be tied down with the same unfair and costly support system that we have been saddled with for years while real on-farm needs go neglected.

I want to make sure you know I am not talking about giving us more and more money. We just need your help to make sure that federal dollars are targeted at helping dairy farmers across the country. We certainly do not want money to go to new, hastily created programs like MILC or arcane, outmoded programs like the price support, but rather to programs that help grow our business.

Mr. Chairman and members of the committee, I am optimistic about my future and about the health of dairy in the Central Valley, but I am deeply concerned about the current dairy subsidy system. An overhaul of the dairy program in the next Farm Bill is essential for creating effective policy that will stabilize the dairy industry and enable us to continue to have healthy, high quality farms and produce dairy products that the public wants and enjoys.

I thank you again for holding this hearing here in California's Central Valley and I look forward to your questions.